

# Unlocking finance for land-use mitigation and adaptation

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# Context

# Some of the challenges

- Complex to differentiate business-as-usual from green
- Limited understanding of landscape of land-use finance and entry points
- Competing/contradicting priorities and incentive frameworks in a given sector
- Viability gaps in developing green activities



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# Classification of land use activities

- Spectrum of activities ranging from BAU to green. Some activities will neither positively or negatively affect land use emissions



# Three tools to address land use mitigation

# Challenges

- Complex to differentiate BAU from green
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# Tool 1: Landscape of Land-Use Finance

## What it does

- Provides a comprehensive quantitative picture of finance flowing to land-use activities
- Maps both public and private finance in green land-use activities

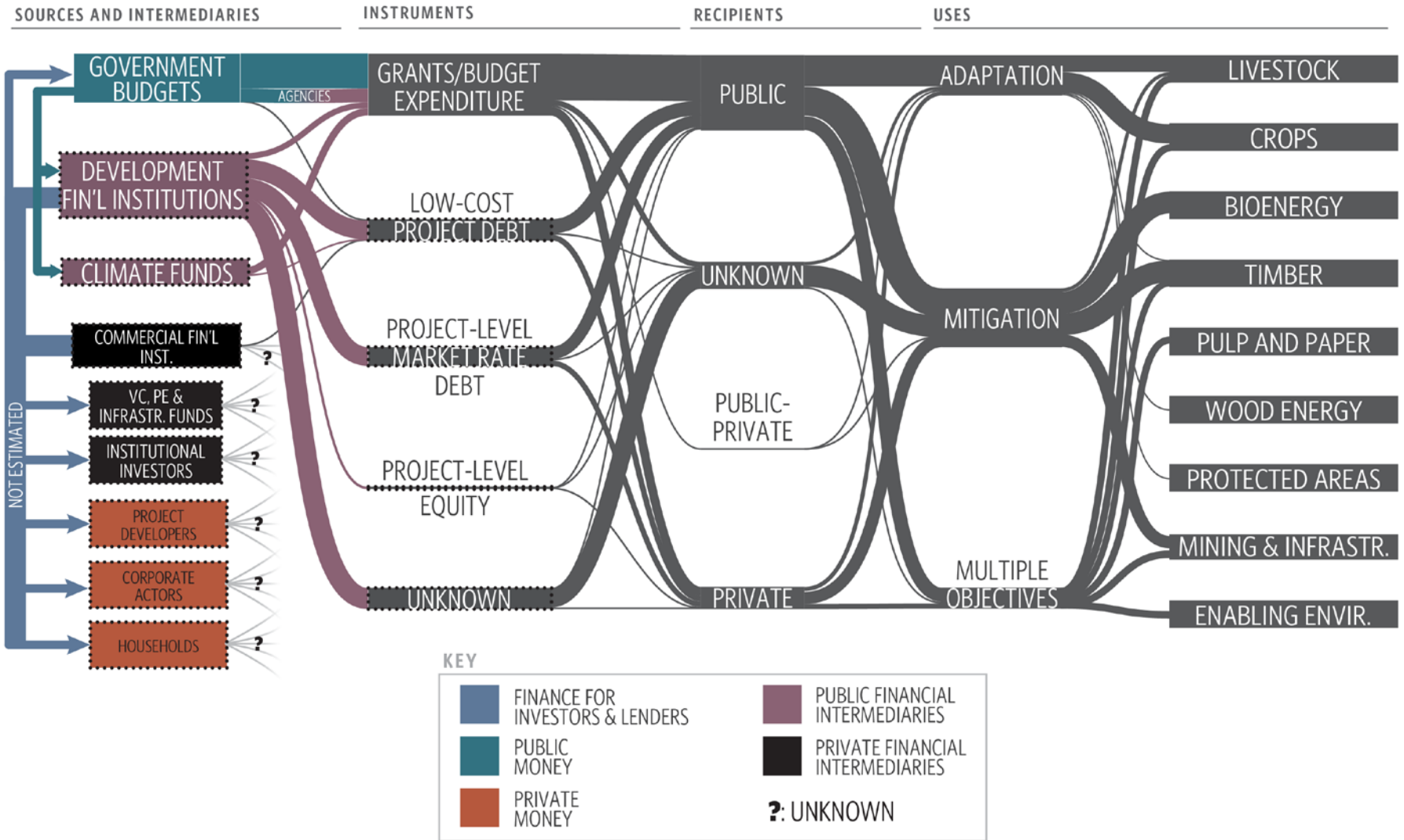
## How it helps

- Identifies key actors and intermediaries, investment instruments and recipients
- Identifies where the biggest barriers, financial gaps and opportunities lie





# Tool 1: Landscape of Land-Use Finance



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# Tool 3: Public Finance Mapping Tool

## What it does

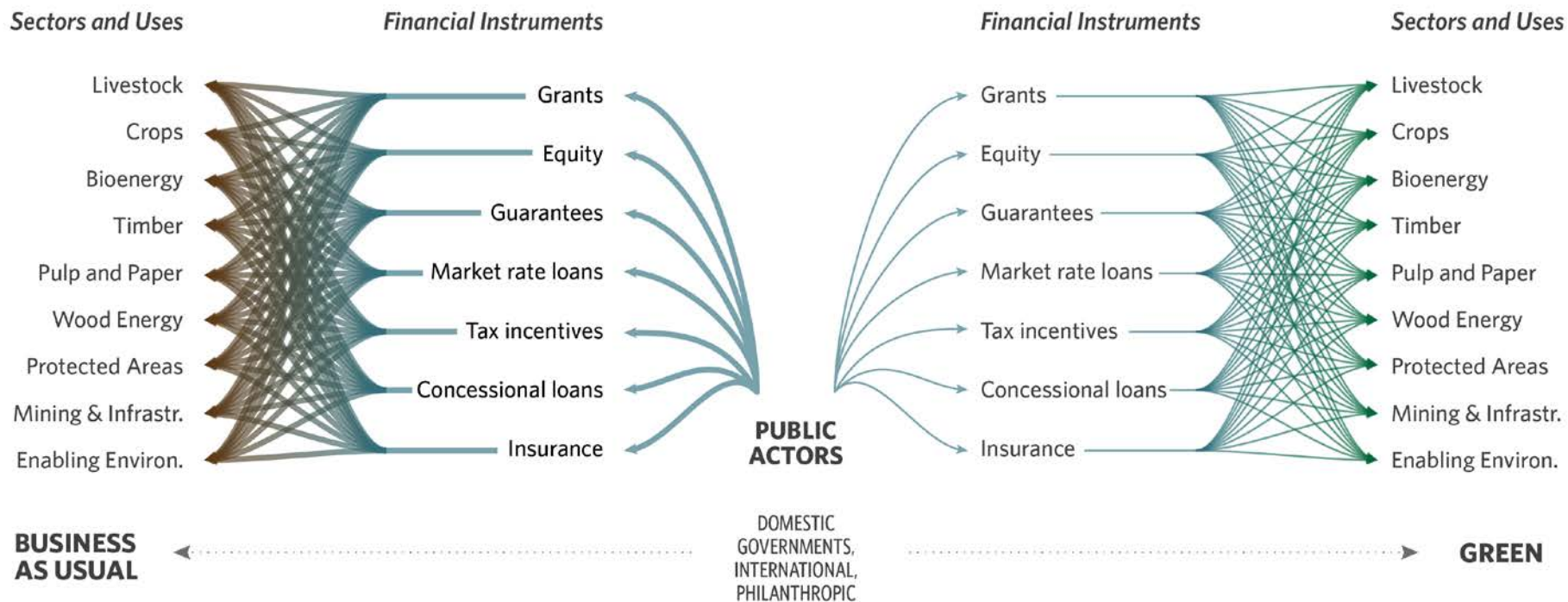
- Maps flows of public financial support to BAU and green land-use activities
- Provides quantitative estimates of incentive flows

## How it helps

- Identifies potential incoherence between policy incentives



# Tool 3: Public Finance Mapping Tool



# Tool 3: Public Finance Mapping Tool

## Examples

- New Government of Indonesia CPO Supporting Fund will subsidize biodiesel and fund palm oil research and development
- Grants from e.g. Norway Indonesia, FPCF Carbon Fund, and Forest Investment programme supporting sustainable land use activities



# Challenges

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# Tool 2: Financial Viability Gap Analysis tool

## What it does

- Assesses public land use mitigation and adaptation activity costs and revenues
- Identifies potential gaps for project viability
- Identifies entry points for public financial support

## How it helps

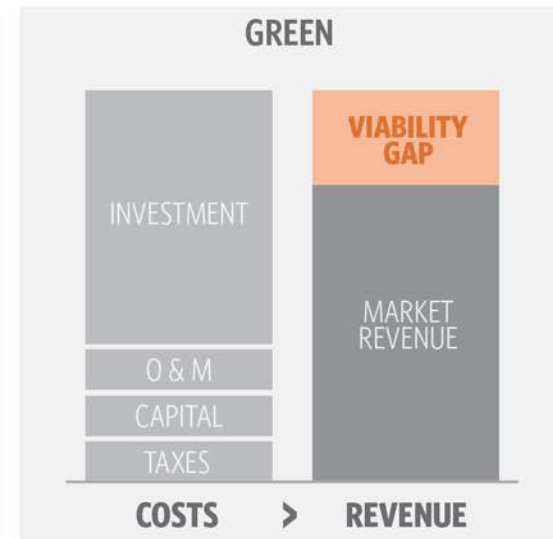
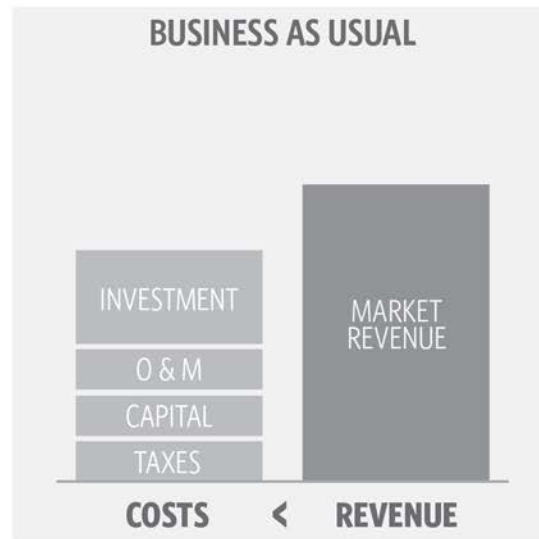
- Clarifies the specific needs of private investors
- Supports the design of tailored public incentives
- Identifies exposure to investment r



# Tool 2: Financial Viability Gap Analysis tool

**Viability gaps** arise where costs of an activity are greater than available revenues

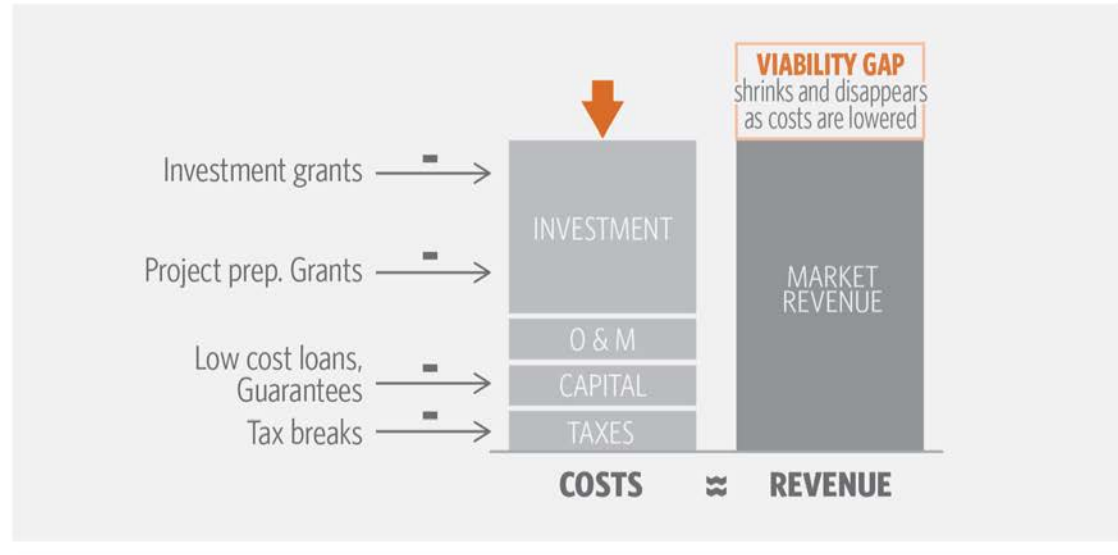
Public and private finance can help tackle the viability gap by:





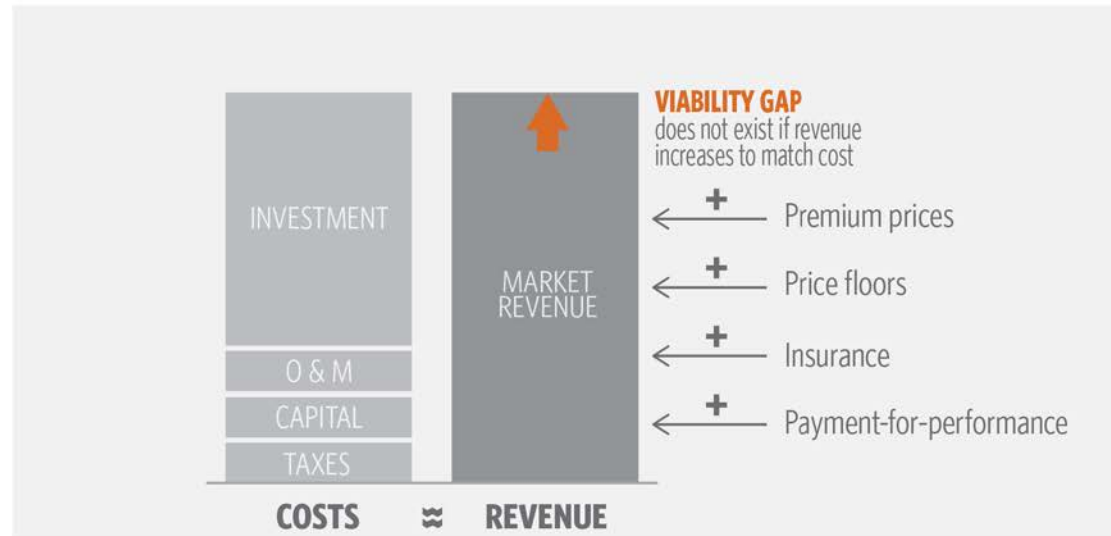
# Tool 2: Financial Viability Gap Analysis tool

## 1. Reducing costs



# Tool 2: Financial Viability Gap Analysis tool

## 2. Increasing / creating revenues

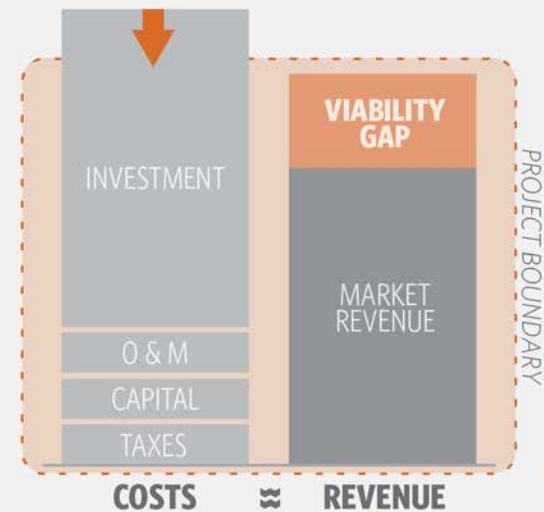


# Tool 2: Financial Viability Gap Analysis tool

## 3. Improving the investment climate – tackling risk, return and information barriers

### IMPROVING THE ENABLING ENVIRONMENT

- Capacity building
- Technical assistance
- Legal reform
- R&D
- Law enforcement
- Spatial planning
- Demonstration projects



# Next Steps

- Feedback from audience and panel on tools
- Test tools in countries
- Refine tools base on country experiences and needs
- Inform international processes, donors and interested partners on use of tools



# Thank you for listening!



<http://climatepolicyinitiative.org/publication/three-tools-to-unlock-finance-for-land-use-mitigation-and-adaptation/>

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